

Conference Engrossed

State of Arizona
Senate
Forty-fifth Legislature
Second Regular Session
2002

VETO

SENATE BILL 1201

AN ACT

RELATING TO INCOME TAX.

(TEXT OF BILL BEGINS ON NEXT PAGE)



1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Limitations period; retroactivity; refunds

3 A. Solely with respect to those federal limited consents executed by
4 homebuilders extending the limitation period for the internal revenue service
5 to assess federal income tax deficiencies related to the use of an
6 alternative cost method for common improvement costs for particular projects,
7 which are required by Rev. Proc. 92-29 as a prerequisite to using the
8 alternative cost method, section 42-1104, subsection B, paragraphs 7 and 8,
9 Arizona Revised Statutes, as amended by Laws 2001, chapter 163, shall apply
10 retroactively to tax years beginning from and after January 1, 1993.

11 B. Any claim for refund of income tax based on the retroactive effect
12 of subsection A of this section must be submitted to the department of
13 revenue on or before December 31, 2002 as provided by section 42-1118,
14 Arizona Revised Statutes. A failure to file a claim on or before December 31,
15 2002 constitutes a waiver of the claim for refund under this section.

16 C. The burden is on the taxpayer to establish by competent evidence
17 the amount of any claim for refund and the basis for entitlement thereto as
18 having been assessed on the basis of items not included in the federal
19 limited consent beyond the limitation period as set forth in section 42-1104,
20 Arizona Revised Statutes. The department of revenue shall:

21 1. Review all timely claims.

22 2. Determine, on audit if necessary, the correct amount of each claim.

23 3. Notify the taxpayer of its interpretation. The notice is final
24 unless a taxpayer appeals in the manner provided in section 42-1119, Arizona
25 Revised Statutes.

26 D. Notwithstanding section 42-1119, Arizona Revised Statutes, the
27 department of revenue shall not make a refund until after a final
28 determination has been made as to the amount of all refund claims filed
29 pursuant to this section. If a taxpayer appeals the department's
30 determination, the department may notify other taxpayers who have filed
31 claims as to the nature of any delay and, if possible, estimate the probable
32 extent of the delay.

33 E. The aggregate amount of the tax refunded to all claimants under
34 this section shall not exceed ten thousand dollars. If the aggregate amount
35 of claims under this section that are ultimately determined to be correct
36 exceeds ten thousand dollars, then the amount of each claim shall be
37 proportionately reduced so that the total amount refunded pursuant to this
38 section equals ten thousand dollars.

39 F. Interest shall not be computed or allowed on the amount of any
40 refund if paid before July 1, 2003, but if the refund amount cannot be
41 determined or paid until after June 30, 2003, interest accrues thereafter
42 under section 42-1123, Arizona Revised Statutes, if the reason for the delay
43 is solely attributable to the department and not due to an objection raised
44 by a claimant pursuant to subsection C, paragraph 3 of this section.

1 G. Any taxpayer claiming, through a claim for refund, reduction of an
2 audit assessment, or otherwise, the benefits of this section must execute a
3 waiver of the statute of limitations for a period of time that would allow
4 for any judicial contests to the legality of this section to be finally
5 completed. If any contests have not been finally adjudicated prior to the
6 expiration of the waiver of the statute of limitations, the taxpayer must
7 execute additional waivers until the contests have been finally adjudicated.


8 H. If any part of this section is finally adjudicated to be invalid,
9 this entire section is void. The provisions of this section are intended to
10 be nonseverable.



Passed the House April 29, 2002,

by the following vote: 41 Ayes,

15 Days, 4 Not Voting


Speaker of the H

Norman L. Spore
Chief Clerk of the House

Passed the Senate March 28, 2002

by the following vote: 28 Ayes,

0 Nays, 2 Not Voting



President of the Senate

Norma Lowe
ASL Secretary of the Senate

**EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR**

✓ This Bill was received by the Governor this

day of _____, 20____,

at ~~o'clock~~ _____ M.

Secretary to the Governor

Approved this _____ day of _____

_____ , 20 _____ ,

at ~~o'clock~~ M.

Governor of Arizona

**EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE**

This Bill was received by the Secretary of State

this day of , 20 ,

at _____ o'clock _____ M.

Secretary of State

S.B. 1201

HOUSE FINAL PASSAGE
as per Joint Conference

Passed the House May 22, 2002,

by the following vote: 33 Ayes,

23 Nays, 4 Not Voting

Duke Ila
Speaker of the House
Pro Tempore

Norman L. Foure
Chief Clerk of the House

SENATE FINAL PASSAGE
as per Joint Conference

Passed the Senate _____, 20____,

by the following vote: _____ Ayes,

_____ Nays, _____ Not Voting

President of the Senate

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor

this 23 day of May, 2002,

at 10:55 o'clock A M.

Sandra Han
Secretary to the Governor

Approved this _____ day of

_____, 20____,

at _____ o'clock _____ M.

VETO

Governor of Arizona

S.B. 1201

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 4 day of June, 2002,

at 5:31 o'clock P M.

Secretary of State